

VZCZCXRO7632  
PP RUEHFK RUEHKSO RUEHNAG RUEHNH  
DE RUEHKO #4446/01 2690132  
ZNR UUUUU ZZH  
P 260132Z SEP 07  
FM AMEMBASSY TOKYO  
TO RUEHC/SECSTATE WASHDC PRIORITY 7884  
INFO RUEKJCS/SECDEF WASHDC PRIORITY  
RHEHAAA/THE WHITE HOUSE WASHINGTON DC PRIORITY  
RUEAWJA/USDOJ WASHDC PRIORITY  
RULSDMK/USDOT WASHDC PRIORITY  
RUCPDOG/USDOC WASHDC PRIORITY  
RUEAIIA/CIA WASHDC PRIORITY  
RUEKJCS/JOINT STAFF WASHDC//J5//  
RHHMUNA/HQ USPACOM HONOLULU HI  
RHHMHBA/COMPACFLT PEARL HARBOR HI  
RHMFIUU/HQ PACAF HICKAM AFB HI//CC/PA//  
RHMFIUU/USFJ //J5/JO21//  
RUYNAAAC/COMNAVFORJAPAN YOKOSUKA JA  
RUAYJAA/CTF 72  
RUEHNH/AMCONSUL NAHA 5740  
RUEHFK/AMCONSUL FUKUOKA 3327  
RUEHOK/AMCONSUL OSAKA KOBE 6983  
RUEHNAG/AMCONSUL NAGOYA 2277  
RUEHKSO/AMCONSUL SAPPORO 4054  
RUEHBJ/AMEMBASSY BEIJING 9127  
RUEHUL/AMEMBASSY SEOUL 5183  
RUCNDT/USMISSION USUN NEW YORK 6074

UNCLAS SECTION 01 OF 14 TOKYO 004446

SIPDIS

SIPDIS

DEPT FOR E, P, EB, EAP/J, EAP/P, EAP/PD, PA;  
WHITE HOUSE/NSC/NEC; JUSTICE FOR STU CHEMTOB IN ANTI-TRUST DIVISION;  
TREASURY/OASIA/IMI/JAPAN; DEPT PASS USTR/PUBLIC AFFAIRS OFFICE;  
SECDEF FOR JCS-J-5/JAPAN,  
DASD/ISA/EAPR/JAPAN; DEPT PASS ELECTRONICALLY TO USDA  
FAS/ITP FOR SCHROETER; PACOM HONOLULU FOR PUBLIC DIPLOMACY ADVISOR;  
CINCPAC FLT/PA/ COMNAVFORJAPAN/PA.

E.O. 12958: N/A

TAGS: [OIIP](#) [KMDR](#) [KPAO](#) [PGOV](#) [PINR](#) [ECON](#) [ELAB](#) [JA](#)

SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS 09/26/07

Index:

- 1) Top headlines
- 2) Editorials
- 3) Prime Minister's daily schedule

Fukuda Cabinet launched:

- 4) Prime Minister Fukuda likely to visit Washington in November
- 5) President Bush praises Fukuda for attaching importance to US-Japan relations
- 6) Fukuda picks cabinet but 13 members stay in place and two shift seats
- 7) Fukuda policy imprint missing from cabinet choices
- 8) Profiles of Defense Minister Ishiba, Foreign Minister Komura, and Chief Cabinet Secretary Machimura
- 9) Fukuda predecessor Abe was only in office as prime minister 366 days
- 10) Fukuda will give policy speech in the Diet on Oct. 1
- 11) Fukuda: Diet may be dissolved after the budget is compiled
- 12) Fukuda cabinet called the "Abe hand-me-down cabinet" by the opposition camp
- 13) Fukuda cabinet already being derided by pundits with nicknames like "monochrome cabinet," and "between-the-acts cabinet"

Issues for the new Fukuda administration:

- 14) Dilemma over whether to extend the Diet session to pass the new anti-terror bill allowing continuing Indian Ocean refueling services or to let the measure slip
- 15) Prime Minister Fukuda proposes comprehensive talks with the

opposition camp on removing obstacles to passage of key legislation

16) Fukuda wants talks with the opposition camp over the new bill to continue MSDF refueling services in the Indian Ocean

17) Fukuda reviving cooperation between the Kantei (official residence) and the ruling parties

Democratic Party of Japan (DPJ) in action:

18) Ozawa elected "prime minister" in the DPJ-controlled Upper House

19) Ozawa against any extension of the Diet

20) DPJ momentum building toward goal of changing places with the LDP as the ruling party

21) US House in new bill on North Korea stipulate that the country would not be removed from terror-states list unless abduction issue resolved

Articles:

1) TOP HEADLINES

Asahi, Mainichi, Yomiuri, Nikkei, Sankei & Tokyo Shimbun:

Fukuda cabinet launched, with 15 members of Abe cabinet retained to reduce impact on Diet business

2) EDITORIALS

Asahi:

(1) Fukuda cabinet should call snap election in January

Mainichi:

(1) Prime Minister Fukuda urged to show strong resolve to halt

TOKYO 00004446 002 OF 014

political drift

Yomiuri:

(1) Fukuda administration needs to overcome difficult situation to implement policies

Nikkei:

(1) Fukuda cabinet, positive about cooperation with opposition camp, launched

Sankei:

(1) New Fukuda cabinet should remove "inward-looking competition," implement reforms and international duties

Tokyo Shimbun:

(1) Fukuda cabinet makes a thrilling start

3) Prime Minister's Official Residence (Kantei)

Prime Minister's schedule, September 25

NIKKEI (Page 2) (Full)  
September 26, 2007

Sept. 25 Shinzo Abe

09:00

Attended a cabinet meeting at Kantei.

09:21

Met with Special Advisor Nakayama, and later met with Deputy Chief Cabinet Secretaries Ono and Iwaki. Afterwards, Met with Deputy Chief Cabinet Secretary Matoba and then Chief Cabinet Secretary Yosano.

10:00

Received a good send-off from the staff at Kantei and a bunch of flowers.

10:05

Arrived at ANA Intercontinental Hotel.

13:02

Attended a Lower House plenary session.

13:48

Arrived at Keio University Hospital.

Yasuo Fukuda

17:32

Attended a Lower House plenary session.

17:35

Elected as 91st prime minister. Visited key lawmakers in Diet.

18:31

Met with new Chief Cabinet Secretary Machimura at Kantei.

19:01

Met with New Komeito Representative Ota, joined by Secretary General Ibuki and New Komeito Secretary General Kitagawa. Afterwards, established a cabinet formation office with six party officers,

TOKYO 00004446 003 OF 014

including Ibuki and Upper House Caucus Chairman Otsuji, and Ota and Kitagawa.

19:25

Called new cabinet members and prime ministerial special advisors to Kantei. Ibuki and Ota remained.

21:46

Held a press conference.

22:41

Met with new Deputy Chief Cabinet Secretary Futahashi.  
Sept. 26

0:00

Arrived at his private residence at Nozawa.

4) Fukuda plans to visit US in Nov.

MAINICHI (Page 5) (Abridged)  
September 26, 2007

Prime Minister Yasuo Fukuda began coordination today for foreign trips. Fukuda would like to visit the United States in November to convey his view that the government will introduce a legislative measure to the Diet during the current session to replace the Antiterrorism Special Measures Law, which is to expire Nov. 1, and that Japan would resume the Maritime Self-Defense Force's refueling mission in the Indian Ocean even though Japan may have to suspend the MSDF's refueling activities for a while. Fukuda will also coordinate his schedule to visit China within the year at China's invitation. Fukuda has indicated that he would take a dialogue-oriented policy toward North Korea. All eyes will be on how Fukuda will break the deadlock in a six-party working group over diplomatic normalization between Japan and North Korea.

#### Japan-US relations

On the issue of extending the antiterror law, the government is planning to present a new legislation in late October. The Diet will close its current session on Nov. 10, so it would be difficult to pass the legislation during the current Diet session. However, Fukuda has indicated that Japan could obtain the international community's understanding if Japan resumes its refueling mission.

The Diet is also expected to extend its current session. However, Fukuda, with an eye on the Diet schedule, would like to visit the United States at an early date to explain his plan to Bush.

#### Japan-China relations

The question is whether Fukuda can make an appeal on his own Asia diplomacy. This is a key for him to boost his government. The

Association of Southeast Asian Nations (ASEAN) countries will hold a meeting with Japan, China, and South Korea and an East Asia summit in Singapore on Nov. 20-21. Fukuda is expected to make his debut there for multilateral diplomacy.

Fukuda is expected to meet with Chinese Prime Minister Wen Jiabao during the East Asia summit. His predecessor, Abe, set forth values-oriented diplomacy for trilateral cooperation between Japan, the United States, and Australia, and this alerted Beijing. Fukuda

TOKYO 00004446 004 OF 014

is expected to schedule his China visit for December.

#### Japan-North Korea relations

The six-party talks over North Korea's nuclear programs will be held in Beijing from tomorrow. Other six-party members welcome Fukuda's dialogue-oriented stance. North Korea is also believed to have expectations. Japan and North Korea held a working group meeting over diplomatic normalization in Mongolia on Sept. 5-6 and then agreed to hold frequent meetings. Japan and North Korea are also likely to hold informal meetings.

Meanwhile, the United States reportedly may remove North Korea from its terrorist list before waiting for an all-out settlement of the pending issue of Japanese nationals abducted to North Korea. There are growing concerns about the abduction issue for it may be left behind. Fukuda will be pressed to steer Japan's diplomacy in the difficult situation.

#### 5) Bush appreciates Fukuda for attaching importance to US

ASAHI (Page 3) (Full)  
September 26, 2007

NEW YORK-Former Prime Minister Yoshiro Mori stood chatting with US President Bush at the headquarters of the United Nations on the evening of Sept. 24, or on the morning of Sept. 25 Japan time. According to Mori, Bush showed his view of Yasuo Fukuda, president of the ruling Liberal Democratic Party, who will now become Japan's new prime minister. "I understand that he's Japan's representative politician who is attaching great importance to relations with the United States," Mori quoted Bush as saying. "I want you to tell him that I appreciate his going through such difficulty in the Diet," Bush was quoted as saying, with Japan's refueling mission in the Indian Ocean in mind. Bush also said he would call Fukuda as soon as he officially becomes prime minister, according to Mori.

Bush was also concerned about the condition of Prime Minister Abe's illness and asked Mori to thank Abe for his cooperation on bilateral and international matters.

#### 6) Fukuda cabinet launched, retaining 13 members of Abe cabinet, awarding different cabinet posts to two

MAINICHI (Top Play) (Excerpts)  
September 26, 2007

Liberal Democratic party President Yasuo Fukuda was elected the nation's 91st prime minister at the Diet last evening. After finishing picking cabinet members, he launched his cabinet later that day. The Fukuda cabinet will be officially inaugurated with an attestation ceremony at the Imperial Palace today. Because it is less than one month after the former Prime Minister Shinzo Abe reshuffled his cabinet and also because the Diet is now in session, Fukuda retained 15 of the 17 members of the Abe cabinet, playing up that he formed a makeshift cabinet. The new prime minister appointed Foreign Minister Nobutaka Machimura as chief cabinet secretary. As his successor, Defense Minister Masahiko Komura was picked, and the post of defense minister was awarded to former Defense Agency Director General Shigeru Ishiba. He thus gave priority to experience in forming his cabinet, in preparation for facing Diet debate on such thorny issues as an extension of the Antiterrorism Special

TOKYO 00004446 005 OF 014

Measures Law. Under a situation in which the opposition camp has control in the House of Councillors, the Fukuda administration will inevitably be under tense pressure in managing Diet business

Prime Minister Fukuda said in a press conference last night: "If many of the members (of the cabinet led by former Prime Minister Abe) are replaced in the ongoing Diet session, confusion might result. That is why I minimized changes."

Only two - Education, Culture, Sports, Science and Technology Minister Kisaburo Tokai as successor to Liberal Democratic Party Secretary General Bunmei Ibuki and Defense Minister Ishiba - are new

SIPDIS

members. Former Chief Cabinet Secretary Kaoru Yosano and Ibuki alone left the cabinet. Behind such appointments was the fact that there was little time for background checks of new cabinet candidates to make sure there were no hidden money scandals.

There was a case in which the cabinet led by Yoshiro Mori, which was launched in April 2000 after (then) Prime Minister Keizo Obuchi was suddenly taken ill, retained all the members of the Obuchi cabinet.

7) Can the Kantei fulfill its leadership function? Prime Minister Fukuda fails to show political identity in appointments

MAINICHI (Page 11) (Full)  
September 26, 2007

New Prime Minister Yasuo Fukuda appointed former deputy chief cabinet secretary Masahiro Futahashi, a bureaucrat, again as deputy chief cabinet secretary, one of the Prime Minister's Official Residence (Kantei) staff members. Fukuda showed his own political identity in picking Futahashi alone. Because he retained two other deputy chief cabinet secretaries -- Matsushige Ono, a Lower House member, and Mitsuhide Iwaki, a Upper House member -- in their posts. He also kept Kyoko Nakayama, special advisor to the prime minister on the abduction issue, and Eriko Yamatani, special advisor to the prime minister on education, in their respective posts.

It was not clear yesterday how the new prime minister would position the leadership of Kantei, which is regarded as one of the strong points of the Abe administration.

Former Prime Minister Shinzo Abe essentially sacked Futahashi at the time when he inaugurated his cabinet last September because Futahashi opposed the government's trinity reform that would reform the taxation and fiscal relations between the central and local governments. Abe then named Junzo Matoba, who worked a long time at the private sector, deputy chief cabinet secretary. He also created five special advisor posts, which was reduced to two in August when Abe reshuffled his cabinet. By doing so, Abe set up the so-called Team Abe. However since he launched the Abe Team without making clear the role-sharing with the bureaucracy, the Kantei's messages did not sit well with the government offices. As a result, the Kantei ceased to function at the second half of the Abe administration.

Therefore, Fukuda reportedly placed emphasis on repairing relations the Kantei and bureaucracy in consideration of the present situation of the House of Councillors, which is now controlled by the opposition camp. A person close to Fukuda said that Fukuda planned to appoint Futahashi from early on. Chief Cabinet Secretary Nobutaka Machimura indicated that the only one replacement of the Kantei

TOKYO 00004446 006 OF 014

staffers was a result of Fukuda's consideration to Abe.

8) Profiles of Fukuda cabinet ministers

MAINICHI (Page 11) (Full)  
September 26, 2007

Defense Minister Shigeru Ishiba, national defense advocate

Shigeru Ishiba, 50, who served as director general of the Defense Agency in the Koizumi government, is well versed in defense policy and one of the national defense advocates. He is known for his unique speaking style. He has taken clear positions, for example his opposition to prime ministerial visits to Yasukuni Shrine. His father Jiro served as administrative vice construction minister, as well as governor of Tottori Prefecture. Shigeru Ishiba worked at Mitsui Bank (currently Mitsui Sumitomo Bank) after graduating Keio University. In 1986 he was elected to the House of Representatives as the youngest lawmaker at the time. He has been elected seven times in a row. He left the Liberal Democratic Party (LDP) to form the Reform Group (kaikaku no kai). He joined the New Frontier Party in 1994 but he returned to the LDP in 1997. He also served as chairman of the group of Japanese lawmakers addressing North Korea's abductions of Japanese nationals. He belongs to the Tsushima faction.

Foreign Minister Masahiko Komura, veteran politician, serves again in the post

Masahiko Komura, 65, assumed the defense minister post in the reshuffled Abe cabinet. Following service as foreign minister in the Obuchi cabinet, he is serving again as foreign minister. He assumed a cabinet post for the first time in the Murayama cabinet as director general of the Economic Planning Agency. He also served as justice minister in the Mori cabinet. He became one of the new LDP leaders. He ran in the 2003 LDP presidential election, in which then Prime Minister Junichiro Koizumi was reelected. He showed his political presence in the election, winning 54 votes, which exceeded the number of lawmakers who belonged to the faction he headed.

Although he was cautious about the Koizumi policy line, including postal privatization, he supported the inauguration of the Abe government. His father Sakahiko was mayor of Tokuyama City, Yamaguchi Prefecture and a Lower House member. He heads the Komura faction.

Chief Cabinet Secretary Nobutaka Machimura takes hard-line stance on Asia policy

Nobutaka Machimura, 62, once expressed his eagerness for running the race to succeed Abe, but he gave it up as Yasuo Fukuda, a member of his faction, decided to run for the presidency. It is extremely unusual for a faction head to serve as chief cabinet secretary.

He served as foreign minister for about one year in the Koizumi government and one month in the reshuffled Abe cabinet. He has advocated cutting the government's official development assistance (ODA) to China. He also pushed for economic sanctions against North Korea. Therefore, he is regarded as a hard-liner regarding Asia diplomacy. Cooperation with Fukuda, who takes a flexible policy of placing importance on Asia, will be tested. He enjoys listening to music and watching ballet and theatrical performances. He heads the

TOKYO 00004446 007 OF 014

Machimura faction.

9) Former Prime Minister Abe's tenure will be 366 days

ASAHI (Page 31) (Full)  
September 26, 2007

With the formation of the Fukuda cabinet sliding into the night of Sept. 25, it has been set to carry out his swearing-in-ceremony and an Imperial attestation ceremony for his cabinet ministers on the morning of the 26th at the Imperial Palace. Following the arrangement, the Abe cabinet, which resigned en masse yesterday, will be in charge of emergencies, such as a natural disaster and a major accident, if happens, as a duty performance cabinet until the swearing-in-ceremony is over. Prime Minister Abe's tenure will be 366 days -- one day longer than expected.

10) Prime minister to make policy speech on Oct. 1

TOKYO SHIMBUN (Page 2) (Full)  
September 26, 2007

The government and the ruling parties yesterday set the date for Prime Minister Yasuo Fukuda to deliver a policy speech during a plenary session of both Diet chambers for Oct. 1. They will shortly submit the plan to the opposition parties.

They want to speed up coordination with the opposition with the possibility of holding party representative questions in response to the prime minister's policy speech during plenary sessions of both Diet chambers on Oct. 3-5 and holding a meeting of the Lower House Budget Committee from the 9th.

The government and the ruling camp are now looking into new legislation for the continuation of Maritime Self-Defense Force's refueling operation in the Indian Ocean. Deliberations on the bill will likely take place in the third week of October at the earliest.

11) Prime minister: Snap election should come after passage of FY2008 budget bill

YOMIURI (Page 1) (Full)  
September 26, 2007

In a press conference at the Prime Minister's Official Residence last night, newly elected Prime Minister Fukuda indicated that he would explore an appropriate timing for dissolving the House of Representatives for a snap election, based on the view that the dissolution should come after the passage of the FY2008 budget bill is certain. He said: "We must pour our energy first into managing the current Diet session without a hitch. We should proceed with matters so that people's daily lives will not be adversely affected."

Fukuda spoke of the lineup of his cabinet: "If many of the cabinet (led by former Prime Minister Shinzo Abe) had been replaced, it could result in confusion. I judged that the changes should be minimized." He thus revealed that his desire to prevent more politics-and-money scandals from cropping out as a result of increasing new cabinet members was reflected in forming his cabinet.

TOKYO 00004446 008 OF 014

12) Opposition bloc reinforcing its confrontational stand, calling new cabinet as "hand-me-down cabinet from Abe"

MAINICHI (Page 5) (Full)  
September 26, 2007

Takashi Sudo

With the establishment of a new Fukuda cabinet, the Diet will resume its activities. The main opposition Democratic Party of Japan (DPJ) and other opposition parties intend to put pressure on the government and the ruling parties by submitting three bills to the Upper House: one revising the Political Funds Control Law to obligate lawmakers to attach receipts to their every expense exceeding one yen, another repealing the Iraq Special Measures Law, and a third providing income compensation to every farmer. The opposition camp is likely to ratchet up its confrontational stand against the ruling bloc and to refuse to respond to "discussions" proposed by Prime Minister Yasuo Fukuda, citing as the reason that the "ruling Liberal Democratic party (LDP) has gone on the defensive" as most of the members of the former Abe cabinet have stayed on in the new cabinet, according to a senior DPJ lawmaker.

DPJ Secretary General Yukio Hatoyama criticized the new cabinet: "It is questionable whether the new cabinet, which retains most members of the former Abe cabinet, can make a difference from Abe's way of doing politics?"

Prime Minister Fukuda has made an appeal to the opposition parties on the need for talks on reform of the pension system, etc., but he kept in place such key cabinet members as the minister of internal affairs and communications, finance minister, and health minister.

Despite this, Fukuda stresses the importance of holding discussions. Pointing to that, a junior House of Councilors member said: "That well illustrates the LDP is not serious about holding talks."

On the other hand, the opposition bloc is alarmed by the choice of Shigeru Ishiba as a successor to Defense Minister Masahiko Komura. A senior DPJ lawmaker in charge of foreign affairs and defense braced himself, saying: "In Diet debate with Mr. Ishiba, the DPJ, too, will be tested."

The Japanese Communist Party's Secretary General Tadayoshi Ichida made this comment in the Diet: "I am with the impression that it is a hand-me-down cabinet from Mr. Abe." The Social Democratic Party's President Mizuho Fukushima made this critical comment in Tokyo: "It is an inward-looking cabinet, from which we can't feel any attitude to raise an issue."

13) Fukuda cabinet referred to as "between-the-acts" cabinet having no character

SANKEI (Page 31) (Excerpts)  
September 26, 2007

The administration led by Prime Minister Yasuo Fukuda has been launched fraught with an array of tough issues, such as growing socio-economic disparities, the pension mess, and "politics and money" political scandals. "Any wrong move now could cause us to lose the reins of government; this administration has its back against the wall," Prime Minister Fukuda said with strong resolve in

TOKYO 00004446 009 OF 014

a press conference last night, after announcing the lineup of his cabinet. Fukuda retained 15 of the 17 cabinet ministers in their posts, with two switching portfolios. Although the new cabinet has a sense of stability reflecting Fukuda's personality, its lack of attractiveness and freshness is undeniable. What are the experts' reactions to the new cabinet?

Journalist Soichiro Tahara took this view: "All dishes are there but they all lack specific flavor. I would call it a lunch box with rice and a variety of side dishes. It's something you eat between the acts."

Fukuda explained that he minimized changes so as not to cause political confusion. But Tahara noted: "The cabinet is oriented toward factional coordination and has no character. The innocuous lineup carries a clear Fukuda stamp."

Cartoonist Mitsuru Yaku's comment: "If I were to draw a cartoon panel, I would pick a scene in which Fukuda is trying to persuade Ozawa to have pragmatic talks while holding back his cynical tongue for the sake of normalizing Diet business. I would call it a 'short-straw cabinet.' There is a possibility that the ruling coalition will have to fight an uphill battle in the next election in dealing with the Democratic Party of Japan, and the prime minister and his cabinet ministers might be seriously damaged."

Economic journalist Hiroko Ogiwara referred to the Fukuda cabinet as the "clean-up-the-mess cabinet." Ogiwara added: "The new cabinet will have to resolve the three problems: socio-economic disparities left behind by Koizumi, Abe's unfinished business, and the factions half destroyed by Koizumi."

Political analyst Tadahiro Asakawa called it a "cabinet to get through the stalled extraordinary Diet session with a firm defensive stance."

14) New administration forced to choose between extension of Diet session and delaying taking a vote on new legislation for refueling mission

ASAHI (Page 4) (Abridged)  
September 26, 2007

How to handle new legislation enabling Japan to continue the Maritime Self-Defense Force's (MSDF) refueling mission in the Indian



Ocean is a first test of whether the Fukuda administration will be able to steer the Diet. In order to enact a new law for refueling during the current session of the Diet, the government needs to significantly extend the Diet session, but doing so could escalate the conflict with the major opposition Democratic Party of Japan (DPJ) and lead to dissolving the Lower House. If the government defers the handling of the new legislation to the ordinary Diet session to be convened next year, Japan's refueling mission (former Prime Minister Abe) pledged to continue will be bound to be suspended for a long period of time. The government will decide on its attitude while closely analyzing public opinion.

The ruling Liberal Democratic Party's (LDP) Diet Affairs Committee Chairman Tadamori Oshima said of new legislation for continuing the refueling mission on a TV program yesterday: "If we fail to reach agreement through talks, we will follow the rules to enact new legislation into law." But Prime Minister Fukuda went no further

TOKYO 00004446 010 OF 014

than to say at a press conference late yesterday: "I think it is necessary to obtain the opposition bloc's understanding through talks and Diet debate. I'll endeavor to continue (the refueling mission)." Fukuda seems willing to take time to see whether he should force enactment of a new law or whether the opposition bloc can compromise.

Discussion on new legislation to replace the current Antiterrorism Special Measures Law which is to expire on Nov. 1 is expected to begin in the Lower House possibly in mid-October and clear the Lower House possibly in early November. But if the DPJ remains adamant in its opposition to the new legislation, it will be impossible for the new legislation to be approved in the Upper House. Oshima's remarks are taken as demonstrating his determination to put the new legislation to a re-vote in the Lower House to adopt it by a two-thirds majority. An idea being floated in the ruling bloc is to significantly extend the Diet session until Nov. 10.

If the ruling bloc brings the new legislation to a re-vote without agreement with the DPJ, the confrontation between the ruling and opposition parties would escalate even further and could lead to dissolving the Lower House. Even after overcoming such a situation, the ruling parties would face further trouble, a delay in deliberations on the budget bill in the regular Diet session to be convened early next year. As a result, it would be difficult for the budget bill to be approved by the end of the fiscal year. The government and the ruling parties may be caught in a trap set by the DPJ, which aims to rock the government by rejecting budget-related bills. Another idea being floated in the ruling bloc is to defer taking a vote on new legislation until the ordinary Diet session. Taking advantage of the time until the ordinary Diet session, the ruling bloc can appeal to the public on the necessity of the refueling mission. Once public opinion shifts, the ruling bloc may bring the DPJ into discussions. In such a case, deliberations on the new legislation will start in next April or later after the budget bill is approved.

Will the Fukuda administration force the new legislation into law on the pretext of the international commitment or will it wait for the public opinion at home to shift even though Japan's refueling mission is suspended for a longer period of time? The administration, which just came into being, has been put in a difficult situation to decide its attitude.

15) With the launching of his cabinet, Prime Minister Fukuda to propose comprehensive talks with the DPJ to seek common ground on pensions, tax system, aiming at avoiding frontal clashes on the issues

NIKKEI (Page 3) (Excerpt)  
September 26, 2007

Prime Minister Yasuo Fukuda, following the launching of his administration, intends to propose to the Democratic Party of Japan (DPJ) comprehensive consultations on broad, important issues. The assumption is that themes for the talks will not be limited to extending the refueling services of the Maritime Self-Defense Force

(MSDF) in the Indian Ocean, but also will include drastic reform of the tax system, including the issue of raising the consumption tax that will directly affect peoples' lives, reform of the pension system, and the "politics and money" scandals. Seeing the difficulty of the ruling camp passing bills on its own, now that the Diet is

TOKYO 00004446 011 OF 014

distorted following the Upper House win by the Democratic Party of Japan, the prime minister aims to find common ground with the DPJ on a broad scale.

16) Fukuda eager to submit new refueling legislation to current Diet to have talks with opposition parties

ASAHI (Page 2) (Excerpts)  
September 26, 2007

Prime Minister Yasuo Fukuda held his first press conference last night, in which he indicated that the government would submit new legislation to the current Diet session enabling the Maritime Self-Defense Force to continue its refueling operation in the Indian Ocean. The Democratic Party of Japan and other opposition parties remain opposed to the legislation. Fukuda, however, stressed his plan to give importance to talks with the opposition parties, saying: "It might be necessary to explain matters in advance in order to obtain their support. We are going to explain various matters in Diet debates, as necessary. We will make utmost efforts to make a decision as soon as possible on continued operations." Fukuda stopped short of saying whether the new legislation would be enacted in the current session, however.

17) Machimura named chief cabinet secretary to build cooperative relationship between Kantei and ruling parties and to deal with bureaucrats

ASAHI (Page 2) (Excerpts)  
September 26, 2007

Prime Minister Yasuo Fukuda in his inaugural press conference last night expressed his eagerness to let the Kantei (Prime Minister's Official Residence) exhibit strong leadership, saying: "I am going to fully utilize the system allowing the Kantei to exhibit leadership."

Fukuda's style will be subtly distinct from those of Koizumi and Abe, however. That is already evident from his selection of Nobutaka Machimura as chief cabinet secretary, the pivotal cabinet post.

"Our faction (Machimura faction) will have to have either the post of chief cabinet secretary or secretary general. It means to return to the original state."

This comment was made by former Prime Minister Yoshiro Mori, who is also the honorary chairman of the Machimura faction, toward the press corps aboard the plane to the United States the night before the Fukuda cabinet was launched, implying Machimura's appointment.

It was customary for the prime minister to give the post of chief cabinet secretary, his right-hand man, to the faction he used to belong to. But Fukuda's predecessor, Abe, advocating Kantei-led politics, gave the post to Yasuhisa Shiozaki of another faction. As a result, the Abe cabinet was dubbed a "cabinet of friends."

Fukuda picked Machimura as chief cabinet secretary by following the tradition apparently in a bid to reestablish the harmonious policy course between the Kantei and ruling parties. In his inaugural press conference, Machimura underlined the importance of working together with the ruling bloc, saying: "The new cabinet has its back against the wall, so the government and the ruling parties must work

TOKYO 00004446 012 OF 014

together at this critical juncture."

Reflecting the mood in the Liberal Democratic Party, Machimura has

been critical of the Council on Economic and Fiscal Policy, which played a central role in Kantei-led politics under the Koizumi and Abe administrations.

18) Upper House designates Ozawa as prime minister

ASAHI (Page 4) (Excerpts)  
September 26, 2007

In the selection of prime minister in the Diet yesterday, the Lower House designated Yasuo Fukuda of the ruling Liberal Democratic Party (LDP), while the Upper House designated Ichiro Ozawa of the major opposition Democratic Party of Japan (DPJ). As the provisions in Article 67 of the Constitution state, the designation by the Lower House precedes the one by the Upper House. Fukuda was chosen as prime minister. It was the fourth time for the two chambers of the Diet to designate different lawmakers as prime minister and the first since 1998, when the Lower House designated Keizo Obuchi of the LDP, while the Upper House designated Naoto Kan of the DPJ.

On the Upper House's designation of Ozawa as prime minister, senior DPJ members were in good spirits with one saying, "This is a historic day." Another noted, "Next is for us to take the reins of government." The DPJ's senior Upper House lawmakers applauded Ozawa in the Diet. Ozawa said, "I feel honored. I want to create a similar situation in the Lower House, as well, so that our assertions will be reflected in politics." Deputy President Naoto Kan called for an early dissolution of the Lower House and a general election, telling reporters, "If the opposition parties hold a majority of seats in the Lower House, we can hold a majority in both the houses of the Diet."

19) Ozawa to oppose extension of extra Diet session

TOKYO SHIMBUN (Page 2) (Full)  
September 26, 2007

An argument calling for extending the current Diet session to enact new legislation aimed at continuing the Maritime Self-Defense Force's refueling operation in the Indian Ocean, the focus of highest attention, has been floated in the ruling camp. Democratic Party of Japan (DPJ or Minshuto) Chairman Ichiro Ozawa during a press conference yesterday revealed his intention to oppose this proposal, noting, "It is a very irresponsible idea."

To a question as to whether the DPJ will submit a counterproposal aimed at rendering non-military assistance, such as medical services and food aid, instead of refueling operations, Ozawa hinted at such a possibility, noting, "It may be good if assistance can be rendered in such a form."

Ozawa also criticized that the Liberal Democratic Party (LDP) and the New Komeito included their coalition agreement a plan to set up a third-party organ tasked with checking receipts submitted by politicians for the release of their political funds. He noted, "They make it look as if they have adopted an open system, but that is not so at all."

20) DPJ gathering steam with eye on taking over government:

TOKYO 00004446 013 OF 014

Determined not to compromise with lessons learned from 1998

TOKYO SHIMBUN (Page 2) (Full)  
September 26, 2007

Receiving a boost from the designation of Ichiro Ozawa as prime minister in the Upper House plenary session on Sept. 25, the Democratic Party of Japan (DPJ or Minshuto) is gathering steam with an eye on taking over the reins of government. In the extra Diet session in the summer of 1997, Chairman Naoto Kan at the time was also designated as prime minister in the Upper House, but the opposition failed to take power. The DPJ now has a second chance to try again after a nine-year hiatus.

Ozawa said confidently at a press conference after being elected

prime minister by the Upper House: "I am very honored. The result symbolizes the meaning that the opposition has been given a majority in the Upper House election."

Ozawa's stance of submitting bills based on his own policies without compromising with the Liberal Democratic Party has filtered down into the DPJ since he took office as chairman.

In particular, following the trading of places between ruling and opposition parties as a result of the Upper House election in the summer, Ozawa has strengthened his stance of not responding to a call for cooperation with the ruling camp and forced Prime Minister Abe to step down.

The DPJ has shifted to this hard-line stance learning lessons from what happened in 1998. The opposition camp, including the DPJ, gained the control of the Upper House in the election held in the summer of that year. It was the best opportunity for them to corner the government and the ruling parties, also boosted by the financial crisis.

The opposition succeeded in having the LDP swallow the financial services revitalizing bill it submitted. However, President Kan at the time said, "I will not seek dissolution of the Lower House and a snap election." Following this statement, Ozawa moved to establish a coalition with the LDP. A change of administration never came about.

However, the DPJ sees the situation this time totally different from the situation in 1998, as one senior DPJ member put it.

That is because unlike Kan at the time, Ozawa is a staunch advocate of a change in political administration.

In addition, the no. 1 party in the Upper House in 1998 was the LDP, but now the DPJ is the top party. It holds the presidency of the Upper House and the chairmanship of the Upper House Steering Committee, key posts in steering the Upper House. Unlike 1998, the ruling parties do not have complementary forces that can help them gain a majority.

Azuma Koshiishi, head of the DPJ caucus in the House of Councillors, stressed to reporters, "We want the Fukuda administration to dissolve the Lower House and seek the judgment of the people at the earliest possible date."

21) New N. Korea bill presented to US House panel; Removal from

TOKYO 00004446 014 OF 014

terror list premised on abduction settlement

SANKEI (Page 3) (Abridged)  
September 26, 2007

WASHINGTON-US House of Representatives Foreign Affairs Committee Senior Director Ros-Lehtinen from the Republican Party presented a bill to the committee on Sept. 25, prohibiting the US government from delisting North Korea as a terror sponsor. The bill incorporates a set of preconditions, such as releasing Japanese abductees, to remove North Korea from the US government's terrorist list.

North Korea is now suspected of having provided nuclear-related materials to Syria. Ros-Lehtinen cited a strong sense of distrust in North Korea for her introduction of the bill.

The bill lists preconditions for removing North Korea from the antiterror list, saying North Korea must stop proliferating nuclear and missile technologies to countries like Iran and Syria and must stop forging false dollar bills. In connection with Japan, the bill also says North Korea must stop its support of Japanese Red Army members who hijacked a Japan Airlines plane.

SCHIEFFER